

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7057

BILL NUMBER: HB 1324

NOTE PREPARED: Jan 7, 2012

BILL AMENDED:

SUBJECT: School Accountability and Turnaround Academies.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Turnaround Academy:* This bill requires the State Board of Education (Board) to set specific goals for a turnaround academy, and allows the turnaround academy to be operated by a special management team. It provides that a turnaround academy that meets the goals set for it becomes an independent school. The bill sets forth provisions concerning the operation of a turnaround academy and an independent school.

High Performance: The bill creates a designation of "high performing school corporation", and provides that certain statutes and rules may be waived for a high performing school corporation.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Turnaround Academy & Lead Partners:* The bill will require that when the Board assigns a special management team to operate a turnaround academy, they have to enter into a contract with the management team. The contract has to include:

1. The length of the contract.
2. The level of services to be provided.
3. The entity responsible for providing the necessary services to the school and students.
4. Other provisions deemed necessary.

The special management would have to obtain a performance bond. The amount of the bond is to be determined by the Board. The bond may be set aside if in the third year of intervention, the Board determines the special management team has reached the goals identified for the turnaround academy.

If the Board enters into a contract with a lead partner and school corporation to assist a school corporation in improving performance of the school, the contract must include:

1. The length of the contract.
2. Considerations.
3. Performance goals.
4. Cancellation procedures.
5. Renewal procedures.
6. Other provisions deemed necessary.

The bill changes the time line for the state to implement interventions from 6 years of being place in the lowest category to 4 years in the lowest category or 5 years in the lowest 2 categories of performance. This could increase the number for schools eligible for interventions. Currently, there are approximately 96 out 1,841 schools that have been in the lowest 2 categories for five years, and an additional 4 schools that have been in the lowest category for 4 years. According to the Department of Education, with the changes they have implemented over the last year, they could process additional schools within their current level of resources.

Background: The current consequences for the placement of a school on academic probation:

1. Year 1:
 - a. The school board shall issue a public notice of the school lack of performance and hold a public meeting.
 - b. The school improvement committee shall revise the school's improvement plan. The revision could include shifting resources, changing personnel, or a request to the Board to appoint an outside management team to manage the school or assist in the development of the improvement plan.
2. Year 3:
 - a. The Board shall establish and assign a expert team to the school. The team:
 - i. Must include representatives from the community.
 - ii. May include the superintendent, members of a school board, and teachers from schools that are in the highest performance categories.
 - iii. Special consultants or advisers.
 - b. The expert team shall:
 - i. Assist the school in revising the school's performance improvement plan.
 - ii. Recommend changes in the school to promote improvement.
 - c. The school board may petition the Board to restructure the school.
3. Year 5: The Board must:
 - a. Hold at least 1 public hearing in the school to consider and hear testimony concerning the following options for school improvement:
 - i. Merging the school with a nearby school that is in a higher performance category.
 - ii. Assigning a special management team to operate all or part of the school.
 - iii. Other options for school improvement expressed at the hearing, including closing the school.
 - iv. Revise the school's improvement plan in any of the following areas.
 - (1) Change the school's procedures or operations.
 - (2) Professional development.
 - (3) Intervention for individual teachers or administrators.
 - b. If the Board determines that intervention will improve the school, the Board shall implement

one of the above options.

The performance categories are:

1. A (Exemplary Progress)
2. B (Commendable Progress)
3. C (Academic Progress)
4. D (Academic Watch)
5. F (Academic Probation)

The letter grade are the current designation and the designations in paraphysis are the prior designation.

Explanation of State Revenues:

Explanation of Local Expenditures: *Turnaround Academy:* The bill would create a Turnaround Academy for a school that remains in the lowest performance categories for a fourth year consecutive year, either of the two lowest performance categories for a fifth consecutive year, or, in certain circumstances after a second or third consecutive year of being in the second lowest performance category. The Academy could contract with a school corporation for goods or services.

Parents of a school that has been placed in the lowest two performance categories, D-watch or F-probation, for either 2 or 3 consecutive years, can start a petition for their school to be subject to the same interventions as a school that is in the 5th year of payment in the lowest 2 performance categories. The petition requires 51% of the school's parents to sing the petition. Parents have 90 days to collect signatures.

The bill specifies that the school corporation will continue debt service payments for school buildings utilized by the Turnaround Academy.

When a Turnaround Academy contract ends because the academy has met the goals in the contract, the academy becomes an independent school and is a separate entity from the originating school corporation. The independent school must be nonsectarian, nonreligious and open to any Indiana student. If the number of students applying for the school exceeds available space, then the school has to have a random drawing in a public meeting to determine which students are admitted. The independent school will also have its own school board of 7 to 9 members. Three of the members are appointed by the mayor, town manager, or county commissioners where the school is located. The remaining members are appointed by the State Board based on recommendations by the mayor, town manager, or county commissioners of where the school is located. The independent school would receive tuition support and state grants like school corporations and charter schools.

The bill could increase the number of turnaround academies and shift funding from school corporations to the schools that become turnaround academies.

Background: After the management team takes over control of a school, the team's operating expenses are funded from the state tuition support formula by redirecting the dollars from the school corporation to the management team. For the 2012-2013 school year, there are five schools that have been assigned management teams by the Board to operate the schools, and two teams as lead partners to assist two school corporations in improving performance.

For the FY 2010-2011 school year, there were approximately 111 of 1,841 schools that received a performance grade of F (probation). Of the 111 schools, approximately 7 schools have been on probation for six consecutive years, 1 for five consecutive years, 4 for four consecutive years, and 4 for three consecutive years.

High Performance: The bill would waive certain rules and statutes if a school or school corporation has been placed in the highest category of performance for at least 2 years.

The following rules or statutes would be waived.

1. Length of student instructional days.
2. Minimum number of student instructional days.
3. Penalty for failure to conduct minimum number of instructional days.
4. Minimum length of school term.
5. Application requirements for community or volunteer service credits.
6. Necessity for a waiver to implement nonstandard courses and curriculum programs.
7. Program requirement for high-ability students.
8. Necessity for a waiver of certain rules for programs for high-ability students.
9. Any rule adopted by the State Board of Education.

There are approximately 531 public schools out of 1,841 public schools that have been in the highest categories, A (Exemplary), for at least 2 consecutive years. The provision could reduce school administrative costs and program costs for high performing schools. The amount of the saving is unknown.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected:

Information Sources: Department of Education PL 221 website,
<http://www.doe.in.gov/pl221/welcome.html>; Ashley Gibson, Department of Education, 317-232-6618.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.